



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Adopt resolution authorizing the City Manager to execute a Member Agreement (Second Phase) with the Northern California Power Agency for Financing the Planning and Development Activities of the New Lodi Project (\$1,928,605) (EUD)

**MEETING DATE:** March 7, 2007

**PREPARED BY:** Electric Utility Director

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**RECOMMENDED ACTION:** Adopt a resolution authorizing the City Manager to execute a Member Agreement (Second Phase) with the Northern California Power Agency (NCPA) for Financing the Planning and Development Activities of the New Lodi Project to examine the feasibility of the development of a 255 MW natural gas-fired power plant to be located at Lodi's Steam Injected Turbine (STIG) site at White Slough.

**BACKGROUND INFORMATION:** The New Lodi Project is a potential 255 MW combined cycle generation facility adjacent to the existing NCPA Combustion Turbine Project No. 2 facility at White Slough. If determined to be feasible, this project could commence operations in late 2010. This project would also meet the efficiency requirements of SB 1368 for baseload generation. A copy of the New Lodi Project Phase 2 Agreement is attached.

The first sub-Phase of the Agreement (Phase 2A) provides for the completion of the initial engineering studies, the evaluation of California Energy Commission permitting requirements, and an initial assessment of the availability and cost for the acquisition of necessary equipment, machines, and emissions credits, at an estimated cost of about \$3,900,000. The second sub-Phase (Phase 2B), includes, but is not limited to, the purchase of air pollution credits, additional engineering and permitting costs, at an estimated additional cost of \$10,100,000, and will not be undertaken by NCPA except upon the project members' further authorization pursuant to the terms of the Agreement.

Given the current level of subscription to the project, Lodi's pro-rata share of the licensing and development costs for a 30 MW share (about 13.76% participation share) will be about \$1.93 million, or approximately \$540,000 and \$1,390,000 respectively for the two sub-Phases. (Costs may vary from this projection depending on participation levels of other entities.) If the project is found to be feasible, and if Lodi elects to proceed with project development, a Third Phase agreement will allocate final costs and benefits on the same basis. If the project is eventually constructed, the second phase costs are expected to be reimbursed to the Members from any project financings. If the project is not constructed, any purchased air pollution emission credits may be resold or applied to another project.

The Project is currently subscribed at 218 MW with 37 MW outstanding (unsubscribed). NCPA has meetings planned with other Municipal and Water Agency counterparties to fill the remaining 37 MW. The New Lodi Project Phase 2 Agreement becomes effective once approved by entities comprising 95

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APPROVED: \_\_\_\_\_

Blair King, City Manager

March 7, 2007

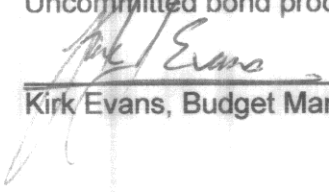
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percent or more of the initial participation percentage levels. Signatories to the Agreement will have the right to reduce their participation or to withdraw wholly from the project if signatory's financial commitment increases beyond its original pro rata share of the Phase 2A budget of \$3.9 million.

Staff's recommendation also includes designation of the City's Electric Utility Director as the City's authorized representative under the Phase 2 Agreement with the authority to undertake project votes and other administrative actions required of the utility under the agreement.

**FISCAL IMPACT:** Lodi's projected \$1.93 million share of costs under this agreement is planned to be funded through residual bond proceeds. Costs may vary from this projection depending on final participation levels of other entities. An additional commitment of up to 25% of this amount (and a corresponding increase in project share) may be permitted by the agreement in case of under-subscription to the project or default of another project participant, subject to a participant's right to reduce participation or to withdraw if its financial commitment increases beyond initial designation levels. Advances to NCPA to cover costs shall be made within sixty days of invoice and are expected to generally reflect project cash flow needs.

**FUNDING:** Uncommitted bond proceeds (Account No. 161.1080)

  
Kirk Evans, Budget Manager

  
George F. Morrow  
Electric Utility Director

Prepared By: Sondra Huff, Sr. Rate Analyst

GFM/SH/ist

Attachment

MEMBER AGREEMENT (SECOND PHASE)  
FOR  
FINANCING THE PLANNING AND DEVELOPMENT ACTIVITIES  
OF  
THE NEW LODI PROJECT

This Agreement, by and between Northern California Power Agency, a joint powers agency of the State of California, hereinafter called "NCPA", the MID (Modesto Irrigation District), an Irrigation District, and NCPA members who execute this Agreement, hereinafter called "Project Members," is made and entered into in Roseville, California on November 30, 2006, for the purposes as set forth herein.

WITNESSETH:

WHEREAS, NCPA, MID and the Project Members are interested in developing additional power generation to meet the future demands of the Project Members' customers; and

WHEREAS, NCPA proposes a new generator facility, located on property owned by the City of Lodi and which is anticipated to be a 255MW, the combined cycle generation facility (hereinafter referred to as the "New Lodi Project".

WHEREAS, following study and discussion of the findings made to NCPA Members on August 25, 2005 pursuant to NCPA Resolution 05-16, the Members have requested NCPA staff to prepare this Second Phase Agreement to continue project development activities; and

WHEREAS, in accordance with that certain Facilities Agreement executed

by and between NCPA and its members dated September 22, 1993, a Project's Second Phase consists of work to be performed after NCPA completes preliminary investigations and surveys regarding a project proposal, and before a Third Phase Agreement becomes effective as to the Project's financing, construction, operation, maintenance, and the allocation of rights to a Project's output; and

WHEREAS, to advance the due diligence investigation of the proposed New Lodi Project, pursue related environmental studies, perform project planning and design, provide working capital for project development and finance, and to engage necessary expert professionals services including those of NCPA staff, the NCPA Commission and the Project Members hereby declare the New Lodi Project to be a "NCPA Project" as per the terms of the Facilities Agreement, and hereby enter into this Second Phase Agreement; and

WHEREAS, MID wishes to participate in the project development by assuming a fifty (50) megawatt share of the project, and to assume its prorated share of the costs incurred under this Second Phase Agreement.

WHEREAS, to proceed expeditiously and efficiently under the Members' direction regarding a Project, NCPA's duties under this Second Phase Agreement will be performed sequentially in parts as Phase 2A and Phase 2B, with Phase 2A consisting of the activities listed in Exhibit A attached to herein at a cost not to exceed \$3,900,000; and

WHEREAS, initiation of the Phase 2B activities consisting of all remaining Second Phase activities contemplated hereunder, including but not limited to the purchase of air pollution emission credits as required, additional engineering and permitting costs, at an estimated additional cost of \$10,100,000, will not be undertaken by NCPA except upon MID's and the Project Members' further authorization pursuant to the terms of this Agreement.

NOW THEREFORE, the parties hereto agree as follows:

Section 1. Obligations - Percentage Participation - Collections and Accounting.

A. NCPA, on behalf of itself, the Project Members and MID, shall act as a lead or responsible agency for the purpose of environmental review of the Project, and shall advance due diligence, perform financial planning, prepare design and construction documents, investigate and appraise necessary land and land rights, employ experts, permit the Project, negotiate the terms and conditions of draft power purchase agreements with members and outside entities as necessary, secure vital equipment and emissions credits, develop a Project Development Agreement with MID, and develop a third phase agreement satisfactory to NCPA and the Project Members as set forth in subparagraph B and C below.

B. NCPA shall perform services defined herein as Phase 2A which shall include activities identified in Exhibit A attached herein at a cost not to exceed \$3,900,000.

C. Upon MID's and the Project Members authorization pursuant to Section 3 to proceed to Phase 2B, NCPA shall conduct such additional work as may be necessary to secure the Approval For Certification from the California Energy Commissions. Such work to be performed at an estimated cost of ten million one hundred thousand dollars (\$10,100,000).

D. MID and each Project Member hereby agrees to continue to pay or advance to NCPA, from its electric department revenues only or, in the case of BART, its tariffs, fees or other sources of revenue provided that such sources shall not include any sums derived from sources the use of which is limited by law to expenditures other than operating expenses, its percentage share of the

costs authorized by Project Members in accordance with this Agreement in connection with its participation in the Project. MID and each Project Member further agrees that it will fix the rates and charges for services provided by its electric department, or in the case of BART, its general revenues, so that it will at all times have sufficient money in its department revenue funds to meet this obligation. The Project Participation Percentage share of MID and each Project Member is initially established according to the table entitled "New Lodi Project Participation Percentages" attached as Appendix A to this Agreement.

E. The Project Participation Percentage share of MID and each Project Member shall be revised proportionately if less than the full 255 megawatt capacity of the plant is subscribed. At present, only 166 megawatts are subscribed and the Project Participation Percentage shares, and subsequently the participant costs, have therefore increased. These revised participant costs are outlined in attachment A.

The Project Participation Percentage share of MID and each Project Member shall be revised proportionately if and when any Project Member withdraws in whole or in part. Any Project Member or MID wholly withdrawing shall thereupon cease to be a Project Member for all purposes except for purposes of Section 4.

F. NCPA shall demand from MID and each Project Member its share of its financial commitment on a concurrent basis. Any part of such demand by NCPA which remains unpaid for sixty days after its billing date shall bear interest from such sixtieth day at the prime rate of the Bank of America then in effect computed on a daily basis plus two percent until paid. Interest so earned shall not change MID or any Project Member's Participation Percentage, and shall become a part of the working capital account defined below.

The funds advanced according to this Section 1 shall be used to establish a

working capital fund for payments and obligations under this agreement..

Nothing in this Section 1 shall be construed to prohibit MID or a Project Member from satisfying its financial commitments from unencumbered funds otherwise on deposit at NCPA.

Section 2. Limited Rights to Participate in Final Implementation and Financing.

(a) Discretion - Disposition of Power. In consideration of the payments provided for in Section 1 hereof, MID and each Project Member who has not wholly withdrawn, or who is not then in default, shall have an exclusive option to enter into a Third Phase Agreement (or a Power Purchase Contract) for all or a part of its Participation percentage of all power made available to NCPA from the Projects on a take or pay basis consistent with a NCPA Third Phase Agreement as contemplated by the Facilities Agreement, or in the case of MID, a project development agreement.

(b) Increase in Purchases. MID or a Project Member can, at the time of entering into a project development agreement or the Third Phase Agreement, purchase more than its Participation Percentage of a Projects' power if additional power is available by reason of non-participation in a project development agreement or in the Third Phase Agreement by MID or one or more Project Members. Such excess power shall be reallocated among those who do participate in the same proportion as their shares bear to the total shares of those who do participate. If MID or the Project Members so entitled do not wish to contract for all the excess power, such remaining excess shall be disposed of as agreed to by MID and the Project Members.

(c) Exercise and Effect of Taking Less Than Full Entitlement. MID and the Project Members shall establish the terms and provisions of an agreement for rights to capacity and energy from the Project prior to the expiration of this

Agreement, to be known as the Third Phase Agreement, or, in the case of MID, a project development agreement. The Project Members and MID shall also establish the date by which the Third Phase Agreement or a project development agreement must be executed by MID and the Project Members and delivered to NCPA if they are to participate in the purchase of power from the Projects. Failure to execute the Third Phase Agreement or the project development agreement for any of its total participation share and to deliver it to NCPA by that date or 30 days after MID's or Project Member receipt, whichever is later, will be an irrevocable decision on the part of MID or that Project Member not to purchase any such power or otherwise participate in the Projects. Execution and delivery of the Third Phase Agreement for less than its original total Participation Percentage, and delivery of that Project Member's executed agreement to NCPA by the date established or 30 days after Project Member's receipt, whichever is later, will likewise be an irrevocable decision on the part of that Project Member not to purchase any such power in excess of the share set forth in its delivered agreement. Supplemental agreements or other agreements will be entered into for the excess or surplus power. The procedure for processing supplemental agreements shall be consistent with those prescribed immediately above in this subsection (c) for making purchases of power. Failure to return an executed Third Phase Agreement or a project development agreement for any additional power within the prescribed period is an irrevocable decision not to purchase such additional power. MID or the Project Member making any herein defined irrevocable decision not to purchase all of its original share of power shall be foreclosed from receiving, and shall be relieved of further burdens related to, power which it has declined to purchase or further expense relative to the future development of the Projects.



### Section 3. Member Direction and Review.

With respect to this section 3 below, MID will be considered a Project Member.

NCPA shall comply with all lawful directions of the Project Members with respect to this Agreement, while not stayed or nullified, to the fullest extent authorized by law. Actions of Project Members, including giving directions to NCPA, will be taken only at meetings of authorized representatives of Project Members duly called and held pursuant to the Ralph M. Brown Act. Ordinarily, voting by representatives of Project Members will be on a one member/one vote basis, with a majority vote required for action; however, upon request of a Project Member representative, the voting on an issue will be by percentage participation with a 65% or more favorable vote necessary to carry the action.

Any Project Member may veto any authorization or approval of the Commission relating to the Project that was not taken by a 65% or greater Project Participation Vote within 10 days following the mailing of notice of such Commission action, by delivering return notice of veto to NCPA, unless at a meeting of the Commission called for the purpose of considering the veto held within 30 days after the delivery of such written notice of veto, the Commissioners representing the Project Members having a combined Project Participation Percentage of at least 65% at such time shall vote to override the veto.

### Section 4. Conditional Repayment to Project Members.

With respect to this section below, MID will be considered a Project Member.

All payments and advances made heretofore, and those hereafter made pursuant to Section 1 of this Agreement, excluding interest paid on delinquent

payments, shall be repaid to each of the entities making such payments and advances pursuant to this Agreement out of the proceeds of the first issuance of the Project bonds which can economically provide therefor, or as and when there are sufficient funds available from partial sale of bonds, if bonds, notes, or other evidences of indebtedness are issued to support the Project. Such reimbursements shall be made within 60 days following the sale of any Project bonds and shall include interest computed monthly at a rate equivalent to the end of the month reference rate of the Bank of America. Any interest due under Section 1 of this Agreement and unpaid shall be deducted from the repayment. If NCPA determines to complete the Project, but is not successful in obtaining all necessary approvals and financing therefor, there shall be no reimbursement except out of unused Project funds including those then in the capital fund, along with all other receipts to which NCPA is entitled in connection with the Project. Any air pollution emission credits (ERCs) purchased as authorized by Section 1C but not utilized either because the project is not successful in obtaining all necessary financing or government approvals or as may be in excess of ERCs required, shall be re-sold by NCPA and the proceeds distributed to the Project Members. This Section 4 shall survive the termination of this Agreement and execution of a Third Phase Agreement.

#### Section 5. Term.

With respect to this section below, MID will be considered a Project Member.

This Agreement shall take effect as of the next calendar day after formal approval by the governing bodies of Project Members holding 95% of the initial percentage participations set out in Appendix A of this Agreement, or upon such later date as may be determined by Project Members after an adjustment in the

Participation Percentages to provide for an adequate subscription for the financial commitment required by Section 6 of this Agreement. This Agreement shall be superseded by the project development agreement and the third Phase Agreement except that Section 4 shall remain in effect.

#### Section 6. Financial Commitments.

With respect to this section below, MID will be considered a Project Member.

To fund the Project Phase 2A activities as per Exhibit A each Project Member agrees to a total financial commitment for its respective percentage participation of a total of three million and nine hundred thousand (\$3,900,000) principal amount plus interest thereon, if any, including payments and advances heretofore made, as authorized and approved by the Project Members. Upon completion of Phase 2A activities, or at any time deemed appropriate, by a favorable vote as provided in Section 3 of this Agreement, the Project Members may authorize the financial commitment to support the completion of the Project Phase 2B activities, as referenced in Section 1C; subject to the provisions of Section 8.

#### Section 7. Assignment.

With respect to this section below, MID will be considered a Project Member.

(a) Notwithstanding any other provision of this Agreement, if NCPA requires funds to carry out the terms of this Agreement prior to the receipt of adequate funds from the Project Members, NCPA may, upon approval of the Project Members, assign its right to receive any payments under this Agreement to a bank or other financial institution to secure a by NCPA or in exchange for an

amount of money equal to the then present value of those payments as determined by NCPA. Project Members hereby consent to such assignment and upon notification in writing by NCPA, each such Project Member will make each such assigned payment directly to the assignee. The assignee shall not be liable to Project Members for the amounts as assigned, and NCPA shall use the proceeds of such borrowing or assignment for the purposes provided in this Agreement.

If an assignment is made under this section, then upon the failure of any Project Member to make any payment assigned, the percentage participation of each non-defaulting Project Member shall be automatically increased for the term of the assignment pro rata with that of the other non-defaulting Project Members, and the defaulting Project Member's Percentage Participation shall (but only for purposes of computing the respective Percentage Participation of the non-defaulting Project Members) be reduced correspondingly; provided that the sum of such increase for any non-defaulting Project Member shall not exceed without written consent of the non-defaulting Project Members an accumulated maximum of 25% non-defaulting Project Member's original Participation Percentage.

If the Project Member fails or refuses to pay any amounts due to NCPA, the fact that other Project Members increase their obligations to make such payments shall not relieve the defaulting Project Member of its liability for such payments and any Project Member increasing such obligation shall have a right of recovery from the defaulting Project Member to the extent of such respective increase.

In addition, NCPA may terminate the provisions of this Agreement insofar as they entitle the defaulting Project Member to its Percentage Participation of Project output.

In addition, NCPA shall have all rights and remedies under law or equity to compel payment of funds owed to NCPA by Project Members

(b) For the purposes of such assignment, NCPA may fix and schedule the total amount payable by each Project Member into any number of semi-annual payments, not less than four nor to exceed ten, and the dates on which such payments will be made, and each Project Member agrees to abide by such schedule. NCPA shall provide a reasonable opportunity for any Project Member to prepay its total obligation.

(c) After such an assignment is made, no Project Member may avoid the obligation so assigned by withdrawal pursuant to section 8 hereof or otherwise.

(d) If NCPA makes an assignment pursuant to this section, it may transfer any or all of its rights and duties to a nonprofit corporation formed to act on behalf of NCPA if the voting power of the members of such corporation is distributed in the same manner as that provided in sections 3 and 9 of this Agreement.

#### Section 8. Withdrawal From Further Participation.

With respect to this section below, MID will be considered a Project Member.

If at any time following the execution of this Agreement, there is an increase in the financial commitment beyond that contemplated in Section 6, Project Members may partially withdraw, i.e., from participation in the increase, or may withdraw wholly from the New Lodi Project. Any withdrawal shall be subject to honoring any commitments made by them or on their behalf pursuant to authorization of this Agreement. To withdraw, such Project Members shall give NCPA written notice of such withdrawal, in part or in whole, within thirty (30) days of the receipt of the notice by them of the increase. Notwithstanding

the above, a Project Member may withdraw following Project Members authorization to proceed with Phase IIB activities. In this event the Project Members may vote to consider modifications to this Agreement.

Section 9. Voting Rights and Duration.

With respect to this section below, MID will be considered a Project Member.

A Project Member is participating for purposes of Section 3 percentage voting until it completely withdraws, but a partial withdrawal will result in a reduction in its percentage participation share to the ratio of its payments after such withdrawal to the total amount of payments by all Project Members after such withdrawal. When the project development agreement or the Third Phase Agreement is executed, or revised, revised Participation Percentages for voting shall be established by dividing the amount of power agreed to be purchased by each Project Member by the total amount of power to be purchased by all Project Members

Section 10. Quorum Defined.

With respect to this section below, MID will be considered a Project Member.

The presence of either a majority of the Project Members, or of Project Members then having a combined Participation Percentage of at least 65%, shall constitute a quorum for the purpose of action.

Section 11. Indemnification.

With respect to this section below, MID will be considered a Project Member.

Each Project Member agrees to indemnify, defend and hold harmless NCPA and its members, including their respective governing officials, officers, agents, and employees, from and against any and all claims, suits, losses, costs, damages, expenses and liability of any kind or nature, including, without limitation, reasonable attorneys' fees (Claims) to the extent caused by any breach of contract, negligence, active or passive, gross negligence or willful misconduct of the Project Members, their officers, employees, subcontractors or agents, to the maximum extent permitted by law, but only as to Claims related to this Agreement.

#### Section 12. Default and Remedies

With respect to this section below, MID will be considered a Project Member.

(a) The failure of any Participating Member to meet its financial commitments as required by this Agreement shall constitute a default. In the event of such a default, NCPA shall deliver a ten (10) day notice to cure the default. If such default is not cured within the time required NCPA shall pursue all rights, under law and equity, to collect all sums due.

(b) Any action brought to enforce any provision of this Agreement shall be filed in the County of Sacramento, subject to the binding arbitration provision set forth below.

(C) ANY DISPUTE REGARDING THE PERFORMANCE OF THIS AGREEMENT, OR THE LACK THEREOF, SHALL BE RESOLVED THROUGH BINDING ARBITRATION CONDUCTED BY A MUTUALLY AGREEABLE ARBITRATOR, OR IF NO AGREEMENT CAN BE REACHED, THEN THROUGH THE AUSPICES OF THE AMERICAN ARBITRATION ASSOCIATION. THE PARTIES HERETO UNDERSTAND THAT BY

AGREEING TO THIS PROVISION THEY ARE SURRENDERING ANY JUDICIAL REMEDIES THAT MAY OTHERWISE BE AVAILABLE.

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NCPA

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PROJECT MEMBER

(d) Should any actions be necessary to enforce any provision of this Agreement the prevailing party shall be entitled to the recovery of costs and reasonable attorney fees.

#### Section 13. Notices

With respect to this section below, MID will be considered a Project Member.

Any notice, demand or request required or authorized by this Agreement to be given to any party shall be in writing and shall either be personally delivered to Project Members' designated representative and the Secretary of NCPA or transmitted to the party's official mailing address.

#### Section 14. Counterparts

With respect to this section below, MID will be considered a Project Member.

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as the Original Instrument as if all the signatories to all of the counterparts had signed the same instrument.



IN WITNESS WHEREOF, each Project Member has executed this Agreement with the approval of its governing body, and NCPA has authorized this Agreement in accordance with the authorization of its Commission.

NORTHERN CALIFORNIA  
POWER AGENCY

Approved as to Legal Form

By: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_

BAY AREA RAPID TRANSIT

By: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_

CITY OF BIGGS

By: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_

CITY OF GRIDLEY

By: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_

CITY OF HEALDSBURG

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

LASSEN MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

CITY OF LODI

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

D. Stephen Schwabauer, City Attorney

**ATTEST:**

\_\_\_\_\_  
Randi Johl, City Clerk

CITY OF LOMPOC

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

MODESTO IRRIGATION DISTRICT

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

PLUMAS-SIERRA RURAL ELECTRIC COOPERATIVE

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

CITY OF REDDING

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

CITY OF SANTA CLARA

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

CITY OF UKIAH

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

APPENDIX A  
PARTICIPATING MEMBER PERCENTAGE

<b>NEW LODI</b>			
<b>MEMBER</b>	<b>%</b>	<b>Total \$</b>	<b>Project MW's</b>
Alameda	0.00%	\$ -	0.0
BART	9.04%	\$ 352,410	15.0
Biggs	0.60%	\$ 23,494	1.0
Gridley	1.20%	\$ 46,988	2.0
Healsburg	1.81%	\$ 70,482	3.0
Lassen	3.01%	\$ 117,470	5.0
Lodi	12.05%	\$ 469,880	20.0
Lompoc	3.01%	\$ 117,470	5.0
MID	30.12%	\$ 1,174,699	50.0
Palo Alto	0.00%	\$ -	0.0
Placer CWD	0.00%	\$ -	0.0
Plumas Sierra	1.20%	\$ 46,988	2.0
Port of Oakland	0.00%	\$ -	0.0
Redding	6.02%	\$ 234,940	10.0
Roseville	0.00%	\$ -	0.0
Santa Clara	30.12%	\$ 1,174,699	50.0
Truckee-Donner	0.00%	\$ -	0.0
Turlock	0.00%	\$ -	0.0
Ukiah	1.81%	\$ 70,482	3.0
Unidentified Party	0.00%	\$ -	0.0
<b>TOTAL</b>	<b>100.00%</b>	<b>\$ 3,900,000</b>	<b>166.0</b>

RESOLUTION NO. 2007-41

A RESOLUTION OF THE LODI CITY COUNCIL  
AUTHORIZING THE CITY MANAGER TO EXECUTE A  
MEMBER AGREEMENT (SECOND PHASE) WITH THE  
NORTHERN CALIFORNIA POWER AGENCY FOR  
FINANCING AND PLANNING THE DEVELOPMENT  
ACTIVITIES OF THE NEW LODI PROJECT

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NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute a Member Agreement (Second Phase) with the Northern California Power Agency for financing the planning and development activities of the new Lodi Project to examine the feasibility of the development of a 255 megawatt natural gas-fired power plant to be located at the Lodi's steam injected turbine site at White Slough.

Dated: March 7, 2007

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I hereby certify that Resolution No. 2007-41 was passed and adopted by the City Council of the City of Lodi in a regular meeting held March 7, 2007, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Hitchcock, Katzakian, Mounce,  
and Mayor Johnson

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
RANDI JOHL  
City Clerk



**Lodi Electric Utility**

# **New Lodi Project**

**City Council  
March 7, 2007**



# Background

- Northern California Power Agency is developing a new baseload generating facility
- Proposed location is adjacent to existing “STIG” unit at Lodi’s water treatment plant
- Initial development phase completed (Phase 2A)  
-- “Fatal Flaw” analysis
- Additional more detailed studies now being proposed as Phases 2A and 2B



# New Lodi Project

- 255 mw, 1x1x1 Combined Cycle Frame Unit
- CEC Permitting
- Located adjacent to STIG CT2
- COD Summer 2011
- 7000 Heat Rate Baseload Plant, Natural Gas
- Transmission - Western/NP15
- Total Project Costs \$212 million
- NCPA Commission has approved Phase 2 development (\$14 million)





# Phase 2

- **Phase 2A** (through April 2008)
  - Initial engineering studies
  - CEC permitting evaluation
  - Equipment specification
  - Updated cost projections and timelines
- **Phase 2B** (through April 2009)
  - Detailed engineering and permitting
  - Acquisition of air pollution credits

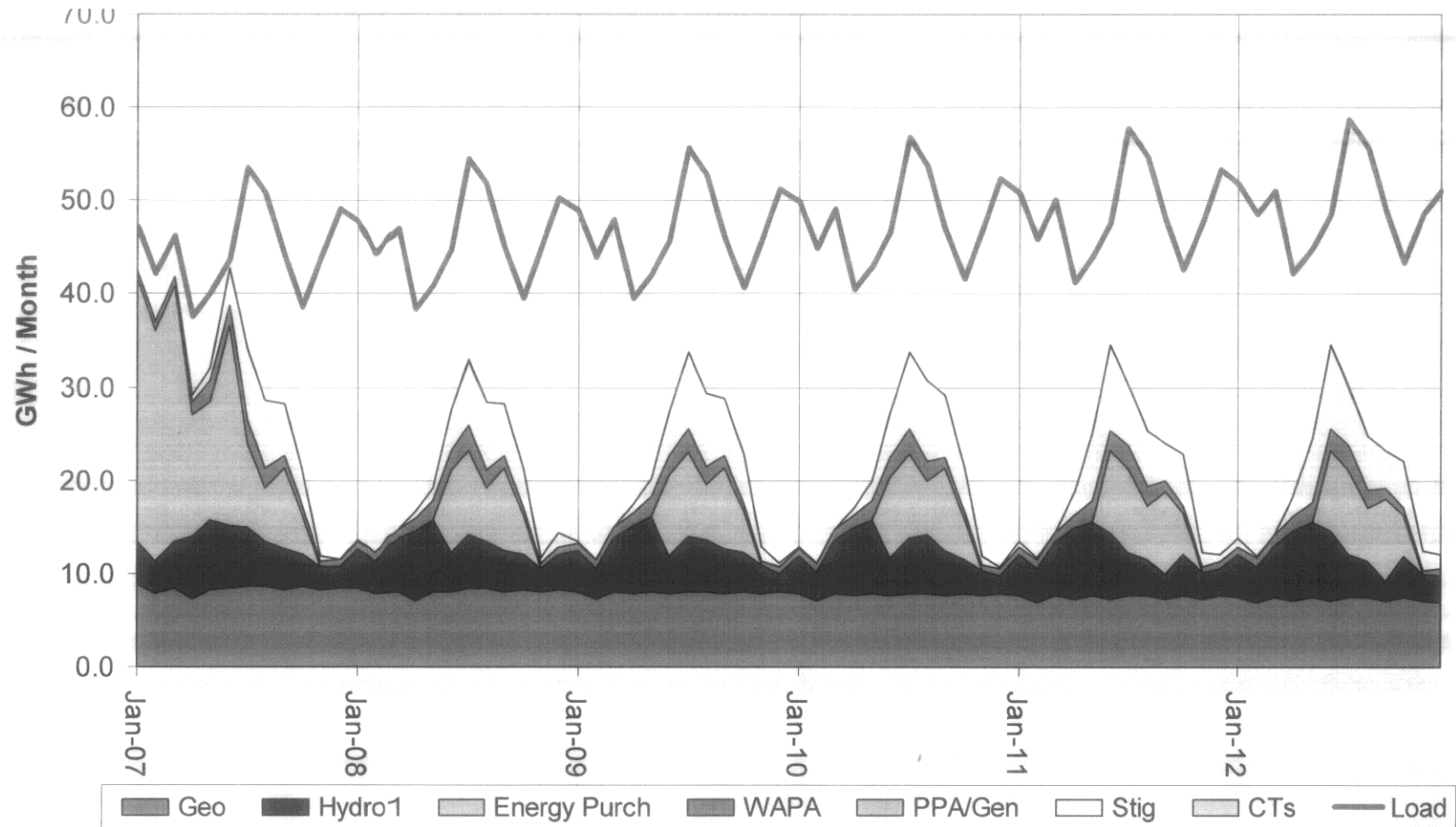


# Participation Level

- Lodi participated in Phase 2A at 25 MW level
- Also intended to participate in now defunct “Resource 500” project
- Review of Lodi baseload needs indicates a good fit for 30 MW.

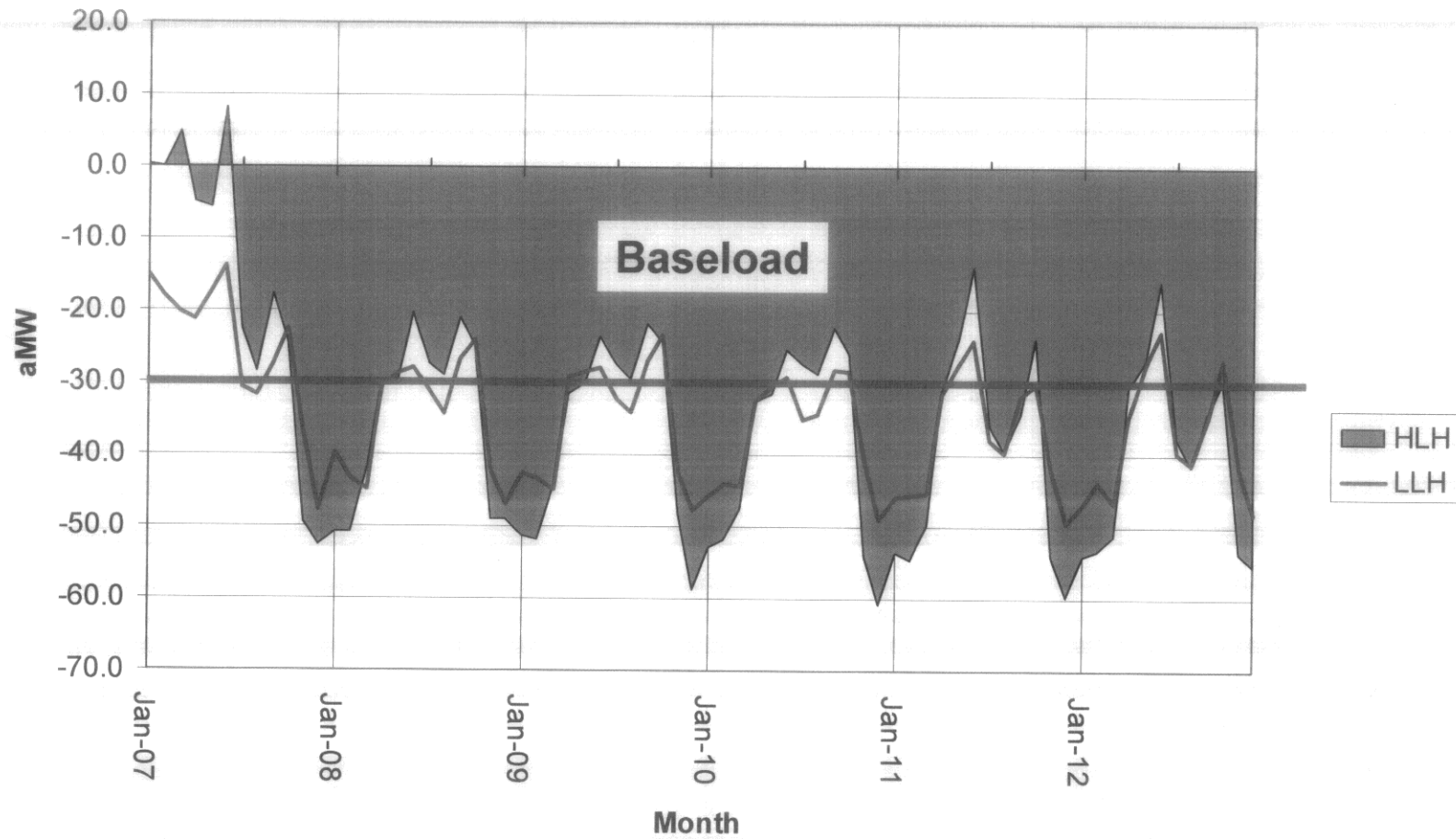


# Energy Balance





# Net Energy Balance





# Lodi Power Resources

Resource	MWH
Geothermal	100,780
Hydroelectric	55,918
CT1 Project	0
Lodi STIG Project	0
Western Hydro	16,382
Seattle Contract	(10,349)
<hr/>	
Totals	162,731
Lodi Needs	495,707
Net	(332,976)
New Lodi	225,000



# Phase 2 Costs

	Phase 2A	Phase 2B	Total
Project	\$3.9 million	\$10.1 million	\$14.0 million
Lodi	\$540,000	\$1.39 million	\$1.93 million



# Phase 2A

MEMBER	%	Total \$	MW's	Interconnect	NP15	Western
Alameda	0.00%	\$ -	0.0 *	NP15	0.0	
BART	6.88%	\$ 268,349	15.0	NP15	15.0	
Biggs	0.46%	\$ 17,890	1.0	NP15	1.0	
Gridley	0.92%	\$ 35,780	2.0	NP15	2.0	
Healsburg	1.38%	\$ 53,670	3.0	NP15	3.0	
Lassen	2.29%	\$ 89,450	5.0	NP15	5.0	
Lodi	13.76%	\$ 536,697	30.0 *	NP15	30.0	
Lompoc	2.29%	\$ 89,450	5.0	NP15	5.0	
MID	22.94%	\$ 894,495	50.0	Western	0.0	50.0
Palo Alto	0.00%	\$ -	0.0	NP15	0.0	
Placer CWD	0.00%	\$ -	0.0	NP15	0.0	
Plumas Sierra	0.92%	\$ 35,780	2.0	NP15	2.0	
Port of Oakland	0.00%	\$ -	0.0	NP15	0.0	
Redding	0.00%	\$ -	0.0	Western	0.0	0.0
Roseville	22.94%	\$ 894,495	50.0	Western	0.0	50.0
Santa Clara	22.94%	\$ 894,495	50.0	NP15	50.0	
Truckee-Donner	0.00%	\$ -	0.0 *	NP15	0.0	
Turlock	0.00%	\$ -	0.0	Western	0.0	0.0
Ukiah	2.29%	\$ 89,450	5.0	NP15	5.0	
<b>TOTAL</b>	<b>100.00%</b>	<b>\$3,900,000</b>	<b>218.0</b>		<b>118</b>	<b>100</b>





# Phase 2B

MEMBER	%	Total \$	MW's		Interconnect	NP15	Western
Alameda	0.00%	\$ -	0.0	*	NP15	0.0	
BART	6.88%	\$ 694,954	15.0		NP15	15.0	
Biggs	0.46%	\$ 46,330	1.0		NP15	1.0	
Gridley	0.92%	\$ 92,661	2.0		NP15	2.0	
Healsburg	1.38%	\$ 138,991	3.0		NP15	3.0	
Lassen	2.29%	\$ 231,651	5.0		NP15	5.0	
Lodi	13.76%	\$ 1,389,908	30.0	*	NP15	30.0	
Lompoc	2.29%	\$ 231,651	5.0		NP15	5.0	
MID	22.94%	\$ 2,316,514	50.0		Western	0.0	50.0
Palo Alto	0.00%	\$ -	0.0		NP15	0.0	
Placer CWD	0.00%	\$ -	0.0		NP15	0.0	
Plumas Sierra	0.92%	\$ 92,661	2.0		NP15	2.0	
Port of Oakland	0.00%	\$ -	0.0		NP15	0.0	
Redding	0.00%	\$ -	0.0		Western	0.0	0.0
Roseville	22.94%	\$ 2,316,514	50.0		Western	0.0	50.0
Santa Clara	22.94%	\$ 2,316,514	50.0		NP15	50.0	
Truckee-Donner	0.00%	\$ -	0.0	*	NP15	0.0	
Turlock	0.00%	\$ -	0.0		Western	0.0	0.0
Ukiah	2.29%	\$ 231,651	5.0		NP15	5.0	
<b>TOTAL</b>	<b>100.00%</b>	<b>\$10,100,000</b>	<b>218.0</b>			<b>118</b>	<b>100</b>





# Other Considerations

- Project can connect to CAISO and/or Western/SMUD control areas
- May provide “behind the meter” benefits for Lodi (reduction of transmission costs and energy losses)
- Opportunity for new transmission interconnection to west for Lodi (improved reliability)



# Summary

- Participation commitment for Phase 2 is underway for New Lodi Project
- Phase 2 cost estimate is about \$14 million
- Project located in Lodi at waste treatment plant
- Lodi's share of Phase 2 costs is about \$1.93 million for 30 megawatts
- Phase 2 to extend until April 2009



# Questions/comments?